

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 01-0198

**Withholding Tax
Calendar Years 1998 and 1999**

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer rents videotapes to individuals for home viewing. During 1999, the taxpayer ceased operations. Taxpayer failed to provide source documents or records during the audit. The auditor completed the audit by utilizing the apportionment factor for Indiana wages paid. The result was multiplied by the state and county tax rates to determine the total tax liability and has been considered best information available.

Taxpayer failed to remit all of its withholding taxes.

1. **Tax Administration** – Penalty

DISCUSSION

The taxpayer protests the assessment of a ten percent (10%) negligence penalty. In the protest letter, the taxpayer merely asks for a reduction in penalty. Taxpayer was advised in two letters to provide reasons why the penalties should be waived.

A review of the audit indicates the taxpayer did not remit nor report all of its withholding tax. Taxpayer did not provide reasonable cause to allow a waiver of the penalty.

FINDING

Taxpayer's protest is denied.